

**INDIANA ECONOMIC
DEVELOPMENT CORPORATION**

June 20, 2006

Steve Mojonnier
Office of Land Quality
Indiana Department of Environmental Management

Dear Mr. Mojonnier:

Pursuant to IC 4-22-2-28, the Indiana Economic Development Corporation ("IEDC") has reviewed the economic impact analysis associated with the proposed rule affecting 318 IAC 1 concerning the inspection and cleanup of properties contaminated by chemicals used in the illegal manufacture of a controlled substance. The proposed rule would require property owners to remediate their contaminated property before reoccupying or transferring the property using one of the following methods:

- Decontamination and post-decontamination testing;
- Removal of contaminated materials in lieu of decontamination; and
- Demolition.

The Indiana Department of Environmental Management ("IDEM") has attempted to estimate the number of properties that would be subject to the requirements of the rule and has determined that approximately 521 properties would be subject to the rule. The economic impact of the rule consists of the cost associated with decontamination, removal and reconstruction, and/or demolition of contaminated properties. The cost of complying with the rule would be borne by property owners and could vary significantly based on the nature and size of the property and the method selected to comply with the rule. A portion of the affected property owners may be small businesses who would incur economic costs as a result of the rule. The cost of complying with the rule would also be a source of revenue for contractors who provide decontamination services. It is likely that a portion of the contractors performing decontamination services would also be considered small businesses. The benefit realized by contractors may partially offset the overall economic impact borne by small businesses.

Although the cost of compliance with the rule is difficult to estimate based in part on the variability in the size and nature of the contaminated property, the rule does provide multiple alternatives for affected entities to comply with the rule. Affected entities may choose the most cost-effective method of compliance. Additionally, there are significant costs associated with allowing properties to continue to be contaminated. There are likely significant health costs to owners and neighbors of contaminated properties, as well as a loss of revenue due to inability to lease/rent a property based on its contamination. The rule provides multiple alternatives to reduce or eliminate these costs.

The IEDC does not object to the fiscal impact associated with the proposed rule. If you have any questions about the comments contained herein please contact me at 232-8962 or rasberry@iedc.in.gov.

Regards,

Ryan Asberry
Director – Research
Indiana Economic Development Corporation